
REPORT TITLE: Building More Community and Supportive Housing

FROM: Sean Baird, Commissioner of Human Services

RECOMMENDATION

- 1. That consideration through the 2024 Budget process, additional capital funding of \$11 million to fund the Peel Manor Seniors Housing Project within the revised Housing Master Plan (HMP), known as Peel Community Housing Development Program, as identified in Table 1 in the report from the Commissioner of Human Services, listed on the July 6, 2023 Regional Council agenda titled “Building More Community and Supportive Housing” be endorsed; and**
- 2. That the creation of a new non-profit housing development capacity building program, to be known as Non-Profit Housing Development Program, be endorsed; and**
- 3. That consideration through the 2024 Budget process for capital funding of \$71,000,000, to the launch the new Non-Profit Housing Development Program and initiate at least one project, be endorsed; and**
- 4. That the Director of Housing Services and the General Manager, Peel Housing Corporation, be authorized to negotiate with the Canada Mortgage and Housing Corporation (CMHC) to make necessary amendments to the credit agreement and other ancillary documents required to receive the funding through the National Housing Strategy-National Housing Co-Investment Fund to support the implementation of the revised HMP, on business terms satisfactory to the Chief Financial Officer and Commissioner of Corporate Services and Commissioner of Human Services and on legal terms satisfactory to the Regional Solicitor; and**
- 5. That the Chief Financial Officer and Commissioner of Corporate Services be authorized to realign the capital financing according to the revised Peel Community Housing Development Program using available funding as identified in Table 1 of the subject report; and**
- 6. That Peel Region continue its advocacy efforts to the Province to provide funding to support the full implementation of the Peel Community Housing Development Program as identified in Table 1 of the subject report.**

REPORT HIGHLIGHTS

- As Service Manager of Peel’s affordable housing system, the Region of Peel oversees the development of new community and supportive housing.**
- In 2019, Regional Council approved the HMP and \$1 billion allocation, in principle, to support initial implementation of the Plan to create 2,240 units.**

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- Operating under the principle that the regional, provincial and federal governments each contribute a third of the required funding, Regional Council committed \$335.3 M and secured \$276.4 M in loans through CMHC through National Housing Strategy Co-Investment Funds.
- Staff have been actively advocating to the Province to contribute more to the HMP projects. To date, no additional funding has been secured.
- Since 2019, the Region has managed development projects that have added 392 new emergency, affordable or supportive units to Peel's housing stock.
- Despite this progress, current levels of funding prevent Peel from operating at a scale that meets our community's need. Staff estimate that the affordable housing system is meeting just 3 per cent and 34 per cent of the supportive and affordable housing needs of our community respectively.
- Given the affordability crisis and escalating pressures on affordable housing development, staff recommend replacing the existing HMP with the Peel Community Housing Development Program that includes a service level/target of 12 projects or 1,444 new units/beds over 10-years.
- Should Council approve this recommendation, staff will include an \$11 million capital budget request in the Housing Support 2024 budget.
- Staff also recommend creating a new program, known as the Non-Profit Housing Development Program, to create approximately 700 affordable units, 255 24/7 supportive housing units, 200 short-term safe beds and 50 transitional housing units in Peel.
- Should Council support the creation of this program, a \$71 million capital budget request will be added to the 2024 Housing Support budget to launch the program and move forward with at least one project.
- Bill 23, *More Homes Built Faster Act, 2022* removed housing services from receiving development charges funds to support affordable housing development. Staff will continue to advocate to the Province for a funding commitment for the Peel Community Housing Development program projects.

DISCUSSION

1. Background

As Service Manager of Peel's affordable housing system, the Region of Peel oversees the development of new community and supportive housing; housing that is not provided by the private sector.

In 2019, Council approved Peel's HMP, one action under Pillar 2 of Peel's 10-year Housing and Homelessness Plan. The HMP identified 31 development opportunities on Peel Region and Peel Housing Corporation (PHC) lands. Partial funding for 18 projects within the HMP was secured through Regional funding and CMHC. To date, 2 HMP projects have been completed, adding 234 units to the affordable housing stock in Peel.

Over the same time, Peel Region supported non-profit agencies to develop affordable and supportive housing. Since 2019, the Region has overseen 2 projects creating 158 units through third-party, non-profit projects.

Despite this progress, available funding from all levels of government has been insufficient to build community and supportive housing at a scale that meets our community's need. As previously reported to Council, Peel is facing an affordable housing crisis that is deep,

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unprecedented and inequitable. It is estimated that 91,000 Peel households are in core housing need. Staff estimate that the affordable housing system is meeting just 3% and 34% of the supportive and affordable housing needs of our community respectively.

Given the affordability crisis and growing gap between need and available resources, this report seeks Council approval for a revised HMP and the creation of a new housing development capacity building program for the non-profit sector.

2. Status Update – Community and Supportive Housing Development Projects

Housing Services is the “housing development arm” for the Region and is responsible for developing new community housing, housing that is owned and operated by the public and non-profit sectors.

Since 2019, steady progress has been made on fully funded projects, despite many challenges. Examples of these challenges include rising construction costs, inflation, supply-chain issues resulting from the pandemic, the inability to secure needed provincial funding, and Bill 23, *More Homes Built Faster Act, 2022* which removed housing services from receiving revenues from development charges.

Since 2019, 392 new units have been completed and approximately 1,153 units or shelter beds are in development (Please see Appendix I). A detailed description of all ongoing and completed projects is available on the Region’s website:
<https://peelregion.ca/housing/development/projects.asp>.

3. Revised Housing Master Plan

In June 2019, Council approved Peel’s HMP, which is one action under Pillar 2 of Peel’s 10-year Housing and Homelessness Plan. The HMP identifies 31 development opportunities on Region of Peel and PHC sites that could add over 5,600 units to the community housing stock, if fully funded. To date, partial funding for 18 HMP projects has been secured as follows:

- \$335.3 million from Peel Region through current and future housing reserve contributions and development charges reserve;
- \$276.4 million in loans (\$186.9 million re-payable/mortgage and \$89.5 million forgivable) from the CMHC through the National Housing Strategy’s Co-Investment Fund; and
- \$77 million in grants through the various federal-provincial housing programs.

Operating under the principle that the regional, provincial and federal governments each contribute a third of the required funding, Council and staff have been actively advocating to the Ontario Ministry of Municipal Affairs and Housing to contribute more to the HMP projects. To date, no additional funding has been secured.

Given the level of core housing need in our community, the growing gap between need and available resources, and the inability to secure more federal and provincial funding, staff recommend increasing the level of regional funding for community and supportive housing development projects, moving away from the philosophy of the regional, provincial, and federal government each contributing a third of the required funding.

More specifically, staff recommend replacing the existing HMP with the Peel Community Housing Development Program that includes a service level/target of 12 projects or 1,444 new

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units/beds. Currently, 7 projects have sufficient funding available through a combination of regional and CMHC funding. Completing all 12 projects will require an additional Regional investment of \$225 million over the next 10 years, beginning with an \$11 million investment in 2024. Staff is therefore recommending that the Region's 10-year capital plan be updated to include the 12 projects listed in the table below, under the heading 'Recommended Projects for updated 10-Year Capital Plan and Revised CMHC Agreement'.

Staff recommend that a capital funding request of \$11 million be included in the 2024 Housing Support budget. This will secure funding for the Seniors Housing Project on the Peel Manor site in Brampton, bringing the number of fully funded projects from 7 to 8. The remaining 4 projects will be included in the 10 year capital plan, with the funding source yet to be determined.

As depicted in Table 1, these recommended changes will propose the following amendments in the CMHC Credit Agreement:

- Remove three projects, i.e., Chamney Court, Williamsport Drive, and 9996 Kennedy Road-Parkholme Place projects (total 814 units),
- Add one new project, i.e., Brookvalley site (80 units),
- Replace Brampton Family Shelter (60 beds) project with Wilkinson Shelter Redevelopment project, which will create approximately 150 beds.
- Create 40 additional beds at Brampton Youth Shelter Replacement site, and 48 additional beds at Peel Family Shelter Replacement site, and
- Combine the Peel Manor Housing Projects A and B into one while keeping the total number of units at 194 units.

With these changes, the Region will be entering into a revised agreement with CMHC to create 1,444 units; 562 units short of the originally committed 2180 units. With this reduction in total number of units, there will be a loss of \$68 million in repayable loan and \$30 million in forgivable loan from the existing CMHC agreement. As part of the process to fund the remaining 4 projects, staff will negotiate additional funding with CMHC.

Table 1: Peel Community Housing Development Program – Proposed Changes to Existing HMP and CMHC Funding Agreement

Project	Site	Development Type	Total Units / Beds*	Funding Status
Completed HMP Projects				
1	Mayfield Seniors [ROP]	Affordable Rental, Seniors	60	Complete
2	360 City Centre Drive [ROP]	Affordable Rental, Seniors	174	Complete (includes CMHC funding)
Total Completed Units			234 Units	
Recommended Projects for Updated 10-Year Capital Plan and Revised CMHC Agreement(s)				
1	Brampton Youth Shelter Replacement [ROP]	Shelter	80 (40 additional to originally committed)	Sufficient funding available

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2	East Avenue Redevelopment [PHC]	Affordable Rental	150	Sufficient funding available
3	Replacement Peel Family Shelter 2420 Surveyor Road [ROP]	Shelter	108 (48 additional to originally committed)	Sufficient funding available
4	Port Credit West Village [ROP]	Affordable Rental	150	Sufficient funding available
5	Chelsea Gardens [PHC]	Affordable Rental	200	Sufficient funding available
6	Wilkinson Road Shelter [ROP]	Shelter	150 (90 additional to originally committed)	Sufficient funding available
7	Brookvalley Site [ROP]	Affordable Rental	80	Sufficient funding available
8	Peel Manor Seniors Housing [ROP] (Peel Manor A and B combined)	Affordable Rental (Supportive, Seniors)	194	Requesting \$11 million of Regional funding in 2024
9	Mayfield West Phase 1 Family [ROP]	Affordable Rental	50	Requires funding, to be included in 2025-2033 capital plan
10	Riley Court [PHC]	Affordable Rental	138	Requires funding, to be included in 2025-2033 capital plan
11	Emil Kolb Pkwy + King West [ROP]	Affordable Rental	62	Requires funding, to be included in 2025-2033 capital plan
12	114 Falconer CC [ROP]	Affordable Rental	82	Requires funding, to be included in 2025-2033 capital plan
Total Units			1,444 units	
Projects Recommended to be Removed from 10-Year Capital Plan, revised HMP and CMHC Funding Agreement				
1	Chamney Court [PHC]	Affordable Rental	348	Insufficient funding and cannot complete in CMHC timelines
2	1320 Williamsport CC [ROP]	Affordable Rental	71	
3	9996 Kennedy Rd CC [ROP], Parkholme Place [PHC]	Affordable Rental	395	
Total number of units to be removed			814 Units	
Projects Not Funded or Included in CMHC funding and Not Moving Forward				
1	Malton Project [ROP]	Affordable Rental	n/a	Not included in CMHC agreement, no viable site and no funding

Footnote to Table 1: * These are estimated number of units as some projects are still in feasibility or design stages, the unit count can be finalized once the design is complete.

* Staff recommended removing two large PHC projects - Chamney Court and Parkholme Place/ 9996 Kennedy Road - due to lack of funding, but also because of complex planning and tenant relocation requirements that would prevent these projects from being completed within CMHC timelines.

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4. Non-Profit Housing Development Program

A growing number of non-profit agencies and housing providers have expressed an interest in housing development. Some of these organizations have the expertise to develop and operate affordable or supportive housing. However, many organizations lack the capability, competency, and resources required to secure funding and progress through the development process on their own.

To build the capacity of the non-profit sector and reduce the reliance on the public-sector to own and operate deeply affordable and supportive community housing, staff recommend creating a new program, known as the Non-Profit Housing Development Program, to strengthen the housing development capacity of the non-profit sector by providing funding, training, resources, and end-to-end housing development support.

As depicted in Table 2 below, staff is seeking Council approval to create approximately 700 affordable units, 255 24/7 supportive housing units, 200 short-term safe beds and 50 transitional housing units in Peel. A preliminary cost estimate to achieve this level of service over 10 years is \$844 million. Should Council approve the creation of this program, staff will include a \$71 million capital budget request in the 2024 Housing Support budget to launch the program and move forward with at least one project and complete a more fulsome 10-year capital and financing plan in 2025.

Table 2: Non-Profit Housing Development Program – Recommended Service Levels

Type of Unit	Number of Units Over 10 Years
Community Housing – affordable units	700
24/7 Supportive Housing units	255
Short Term Safe Beds	200
Transitional Housing units	50
Total	1,205
Preliminary Cost Estimate	\$844 M

RISK CONSIDERATIONS

As previously reported to Council, Peel is facing two housing crises. One in which rising house prices and rents have made it increasingly unaffordable for middle income earners to live in the region; and a second crisis of a lack of deeply affordable and supportive housing for those people with low incomes, or who are experiencing family, physical, mental health, and addiction struggles.

The Region of Peel builds emergency, affordable, subsidized, transitional and supportive housing to address the second crisis. This type of housing, known as community housing, is not built by the private sector.

The recommendations contained in this report call for an estimated \$1.1 billion regional investment over 10-years to fully-fund the creation of approximately 2,649 additional units, starting with a proposed 2024 capital budget request of \$82 million. This investment will enhance current

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service levels, stabilize funding, and increase the capacity of the non-profit sector to develop and operate community and supportive housing, while lessening the reliance on the public sector over time.

However, this enhanced level of investment, while significant, will not reduce the gap between need and available resources. Council is reminded that an annual tax increase of 6 per cent is required over the next 10-years to simply maintain the level of need that is currently being met.

Further, implementing the recommendations in this report will result in a loss of approximately \$98 million of existing CMHC Co-investment funding. CMHC has signalled they are prepared to work with Peel to revise the existing agreement and enter into new agreements as opportunities emerge. Staff is confident that some of the lost CMHC funding will return to Peel through the creation of new agreements in the future.

Finally, the Region has and will continue to face many challenges including rising construction, labour and material costs due to inflation and supply chain issues. In addition, Ontario's Bill 23 removes housing as a category for which development charges may be collected to fund capital projects. Significant financial pressures will continue for the foreseeable future. Staff will continue to monitor, assess, and adapt to these risks as required.

BILL 112 RISKS AND IMPLICATIONS

Bill 112, *Hazel McCallion Act (Peel Dissolution), 2023* may impact the Region's (HMP and non-HMP) affordable housing builds. Bill 112 poses risks to the ongoing and future projects but more so for the projects in the construction stage, where the Region has entered into agreements with third parties. A report from the Chief Administrative Officer, listed on the June 8, 2023 Regional Council agenda titled "Bill 112 - Managing Through the Transition" was presented to Regional Council with a set of principles to provide direction on existing Regional workplans, which were endorsed by Regional Council (Resolution #2023-455). The projects and funding to which this report relates is aligned with principles related to community housing construction and continuation of housing enabling programs. Staff will continue to monitor and respond to direction from Council and the Transition Board, once established.

FINANCIAL IMPLICATIONS

There are a number of financial implications as a result of the revised HMP and Bill 23. Below is a table that provides the financial impacts:

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(\$ millions)	Peel Community Housing Development Program		Incremental Funding Required
Current 2023 Capital Plan	\$	420	
2024 Capital Budget	\$	105	\$ 11
2025 - 2033 Capital Plan	\$	214	\$ 214
Total	\$	739	\$ 225

Current 2023 Capital Plan:

There is sufficient available to fund 7 projects within the current HMP, at a total cost of \$420 million. However, staff will need to realign the financing to reflect the impacts of Bill 23. There is no additional capital funding commitment required from the Region to complete these 7 projects. There may be operating impacts, and a source of funding will need to be determined in future years as required.

2024 Capital Budget:

As outlined in the report, the 2024 Budget will include an additional capital project at a cost of \$105 million. As the capital reserve will still have \$94 million, this will require additional capital funding of \$11 million to be included as a capital budget request.

2025-2033 Capital Plan:

As outlined in the report, the 2025-2033 capital plan will include capital projects at a cost of \$214 million. This will require additional capital funding of \$214 million.

Overall, the proposed Peel Community Housing Development Program will require an investment of \$225 million from 2024-2033.

The 2024 Budget will also include a request for resources on the Housing Development team.

Non-Profit Housing Development Program:

As outlined in the report, the new non-profit program is requesting a total of \$844 million over the next 10 years. The 2024 capital budget will include a request for funding of \$71,000,000 to launch the new Non-Profit Housing Development Program and initiate at least one project. This program includes estimated annual operating impacts of up to \$7.8 million. A source of funding for these operating needs will need to be determined in future years as required.

CONCLUSION

As Service Manager of Peel's affordable housing system, the Region of Peel oversees the development of new community and supportive housing - housing that is not provided by the private sector.

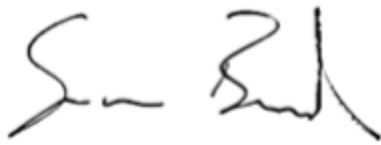
Since 2019, 392 new units have been added to the community housing stock in Peel. Despite this progress, current levels of funding prevent Peel from operating at a scale that meets our

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community's need. Given the affordability crisis and escalating pressures on affordable housing development, staff is seeking Council approval for a revised HMP to be renamed the Peel Community Housing Development Program and the creation of a new housing development capacity building program for the non-profit sector.

APPENDICES

Appendix I - Community and Supportive Housing Development Projects in Various Phases of the Development Cycle



Sean Baird, Commissioner of Human Services

Authored By: Archana Vyas, Manager, Development Systems and Services, Housing Services, Region of Peel